

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
FINAL TRANSPORTATION ORDERS
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WASHINGTON UTILITIES
AND TRANSPORTATION
COMMISSION

DOCKET NO. TO-011472

ORDER GRANTING INTERIM RELIEF, IN PART

Complainant,

v.

OLYMPIC PIPE LINE
COMPANY.

Respondent.

The Commission grants an interim increase of 24.3% or \$3,395,000, subject to refund pending the outcome of the applicant's general rate proceeding.

Even though the applicant operates under the jurisdiction of FERC as well as the Commission, the Commission will only look to the applicant's intrastate revenues and intrastate-allocated investment and expenses in order to determine intrastate rates. ¶27

Interim relief is a mechanism to provide limited support to a public service company facing an immediate need and whose other immediate options are not viable. A grant of interim relief must be consistent with the public interest – that is, does the company need relief urgently enough that the Commission should grant it, given the agency's role as a substitute for the marketplace, balancer of stakeholder interests, and custodian of statutory policy that recognizes that public service companies do serve a public purpose and that the public interest in access to the services may bear on what otherwise might be a mere private disagreement. ¶37

The *Pacific Northwest Bell* or PNB standards are applicable to determining a grant of interim relief. ¶38; *WUTC v. Pacific Northwest Bell Telephone Co.*, Cause No. U-72-30 (October 1972)

The essence of interim relief and the essence of regulation itself is set out in the sixth PNB standard: “...we must reach our conclusions with the statutory charge to the Commission in mind, that is, to ‘Regulate in the public interest.’...This is our ultimate responsibility, and a reasoned judgment must give appropriate weight to all salient factors.” ¶39

The PNB standards are in reality “factors” to be considered in making a decision about whether interim rates are both needed and appropriate. They are not “standards” to be mechanically applied. ¶40 n. 6

The salient PNB factors in this case include the Company’s dire financial circumstances and need to pursue and fund capital projects related to public safety; the concern that many questions about the company’s operations need resolution but cannot be resolved in the context of an interim proceeding; and, the fact that there is a pending general rate case that will give the parties the opportunity to bring forth evidence regarding operational questions. ¶46

The Commission approves use of a pre-tax fixed charge coverage factor of 1.5 to gauge the company’s revenue needs because it provides an objective and rational methodology, will serve to alleviate the company’s short-term crisis and enable it to secure financing rather than direct funding for capital improvements. ¶52

The Commission declines to consider pro forma operating results based on the recent reactivation of the pipeline after an extended period of limited operations; the preliminary nature of operating results from the limited period of recent full operations; the speed of the interim review; the large number of questions deferred to the general rate case; the degree of need; the refundability of rates; and the nearness in time of the general rate case. ¶¶56-57

The company's theories in its general rate case need not be consistent with its theories in a request for interim relief. The interim proceeding is a short-term solution to an urgent problem and may require a different approach from what is required to solve its long-term need. ¶61